

Evaluation study of mandatory country of origin labelling for certain meats

PowerPoint presentation

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In cooperation with



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Background to Regulation (EU) No 1337/2013

The Regulation and the evaluation

Regulation (EU) No 1337/2013

- The Regulation implements requirements of Article 26 of Regulation (EU) No 1169/2011:
 - > Indicates provenance for unprocessed meat of pigs, poultry, sheep and goats
- Aim:
 - > Balance between the need of the consumers to be informed and the additional cost for operators and national authorities, which finally has an impact on the final price of the product
 - > Providing mandatory information on the place of birth of the animal would require the establishment of new traceability systems
 - > Labelling system requires traceability rules at all stages of production and distribution of the meat
 - > Labelling gives valuable information to the consumers
 - > Indication of the Member State or third country would be the most relevant information for consumers
- Entered into force 01 April 2015

Objectives of the evaluation

- Overall objectives of the evaluation:
 - > To assess whether the rules on food information to consumers as regards the mandatory origin labelling for certain meats as set out in Regulation No 1337/2013 as applied in Members States are **effective, efficient, coherent, relevant** and bring **EU added value** in view of its objectives, current needs and problems
- Ultimate role of the evaluation:
 - > To inform the Commission's legally required report to the European Parliament and the Council on the evaluation of Regulation (EU) No 1337/2013
 - > To collect and analyse the views of the main stakeholders
 - > To analyse the impact that the current rules and conditions to indicate the country of origin or place of provenance of certain meats have on the various stakeholders on the market: producers, processors, traders, retailers, consumers, administrations.

Evaluation Study Questions (ESQ)

Effectiveness

- ESQ 1: To what extent have the rules and conditions of the mandatory origin labelling **achieved the initial objectives** for the concerned markets?
- ESQ 2: To what extent has mandatory origin labelling **stimulated the EU common market**? Or in contrary, have there been any tendency/evidence observed of renationalisation of the internal market? To what extent consumers perceive origin labelling as labelling of the 'quality' of the product?
- ESQ 3: To what extent have the rules of the mandatory origin labelling for certain meats **influenced the different actors in the food chain** (from producers to consumers)?
- ESQ 4: As regards the **traceability systems** (i.e.: identification and registration systems that are set up by food business operators for each stage of production and distribution of the meat defined):
- ESQ 5: To what extent have the **specifications** (as defined in Article 5 1(a) of Regulation 1337/2013) regarding **different rearing periods for the different species** and age/weight for different meats been effective? What is the impact/effect on prices, consumer information and administrative burden?
- ESQ 6: To what extent has the **obligation of having a single origin batch throughout the whole processing chain** (as specified in Article 3 of Regulation 1337/2013) an effect on the market/sector?

Evaluation Study Questions (ESQ)

Efficiency

- ESQ 7: To what extent have the **rules and conditions of the mandatory origin labelling been efficient** and contributed to increase (or decrease) in all actual costs and administrative burden for different actors in the food chain (from producers to consumers)?
- ESQ 8: To what extent is the **traceability system efficient**?
- ESQ 9: To what extent has the **obligation of having a single origin batch throughout the whole processing chain** (as specified in Article 3 of Regulation (EU) No 1337/2013) **been efficient** and contributed (or not) to an increase in all actual costs and administrative burden?

Coherence

- ESQ 10: To what extent have the **rules and conditions of the mandatory origin labelling been coherent** with other rules and regulations both at the EU as well as at the Member States levels?
- ESQ 11: To what extent is it **coherent that the derogation** introduced by Article 7 of Regulation (EU) No 1337/2013 **to label meats as 'EU/non-EU' only applies to minced meat and trimmings** and not to the meats covered by the Regulation in general (i.e. fresh, chilled and frozen meat of swine, sheep, goats and poultry)?

Evaluation Study Questions (ESQ)

Relevance

- ESQ 12: To what extent do the objectives and scope of the rules and condition of the mandatory origin labelling as stated in the Regulation correspond to the ***current needs and the current context***? To what extent are they ***relevant and fit for purpose***?
- ESQ 13: To what extent are the ***traceability systems in all circumstances relevant for all meat products***? For example, is it relevant to identify and trace meats for which origin labelling is not compulsory (not sold as fresh or frozen) as being further processed and/or exported?

EU added value

- ESQ 14: What is the ***EU added value of the rules and conditions of the origin labelling*** of certain meats?
- ESQ 15: To what extent have ***Member States issued national rules on origin labelling*** that go beyond the EU rules and conditions?

Evaluation methodology

Data collection tools

Desk Research

- Relevant legislation
- Scientific and technical literature

Surveys

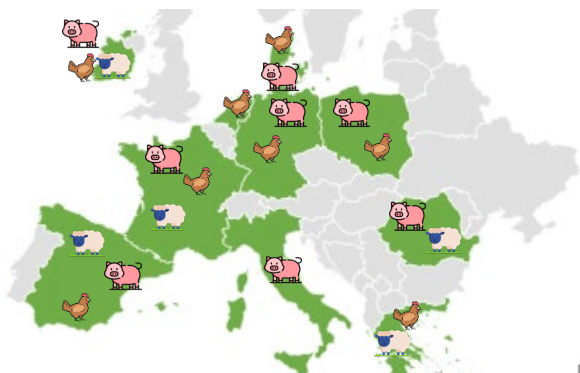
- Consumer survey (6,250 respondents, ± 1.72% sampling error at 95% confidence interval)
- Supply chain survey (operators, national and EU-level business associations and consumer organisations) – disseminated by EU and national level business associations (responses from 42 operators, 31 organisations representing operators, 11 organisations representing consumers, EU-28 coverage)
- Survey of Member State Competent Authorities (see map right)

In-depth interviews

- Six EU stakeholder organisations
- Face-to-face semi-structured interviews

Case studies

- 21 sector case studies across 10 Member States (see map left)
- Face-to-face semi-structured interviews held with Competent Authorities, business associations and operators
- Supplemented by desk research



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Conclusions

Theme I - Effectiveness

Effectiveness

ESQ 1: Achievement of objectives

- Consumers consider country of origin important, but full consumer understanding of the definitions used is low, there are some doubts over consumer interpretation
 - > A majority of consumers correctly understand the term “*Slaughtered in...*”, but only 29% correctly understand “*Origin...*” and only 26% correctly understand “*Reared in...*”
 - > 5% understand all three terms and 22% do not understand any of the three terms
 - > Half of consumers say they use country of origin indications to inform purchase decisions and state they are willing to pay more for meat from the origin they prefer
 - > EU stakeholders are concerned that consumers do not appreciate the difference between “*Origin X*” and “*Reared in X*”, “*Slaughtered in X*”
- The information provided to consumers is considered to be reliable (although interpretation by the consumer is key) and no systemic issues were reported
- The Regulation was implemented without unnecessary burdens on the meat supply chain, trade, administration or the environment

Effectiveness

ESQ 2: Impact on intra-EU trade / COOL as synonym for “quality”

- There is no clear evidence that Regulation (EU) No 1337/2013 had an impact on intra-EU trade in live animals or fresh meat at the EU level, but there is some evidence for some adjustments in specific cases
- Consumers perceive origin labelling to communicate credence attributes such as safety and quality for which it is seen as a poor proxy within the EU’s Single Market
- The use of additional national rules is not widespread and can be perceived to meet specific national needs. Voluntary schemes which communicate origin, either explicitly or implicitly, are widespread and are widely used to meet consumer demand for information and extract a competitive advantage

Effectiveness

ESQ 3: Impact of rules on actors in the food chain

- The processing stage (slaughter and cutting) was the most affected stage of the supply chain, although the impact was fairly minimal overall
- The main impact was for operators processing animals and carcasses from multiple Member States – these had to make changes to the registration of arrivals, the segregation of product and the registration of departure of product for traceability reasons
- Little or no impact on farmers, traders, retailers or consumers (no consumer price changes)

Effectiveness

ESQ 4: Impact of traceability requirements

- The traceability requirements build on those under Regulation (EC) No 178/2002 (general food law) and Regulation (EC) No 853/2004 (food hygiene)
- Required information was already available, it just needed to be transmitted, increasingly automatically and often using blockchain technology
- There is no evidence that specific information is systematically insufficient or missing
- High expressed confidence in effectiveness, few reported difficulties
- Sectors have been able to cope with what is seen as an effective system

Effectiveness

ESQ 5: Understanding and effectiveness of rearing period definitions

- Information passed on is sufficient to ensure correct labelling and this can be verified by Competent Authorities
- Necessary information is provided at minimal cost which is borne at the processing stage of the supply chain and is not passed on to consumers
- However, while there is broad consumer acceptance of the definition of the term “*Reared in...*”, there is low consumer understanding of the term
- It is difficult to draw a conclusion in terms of whether consumers are misled by the definition because consumer understanding of what constitutes a short period of time in the context of livestock rearing is subjective – however, at least some consumers are likely to consider themselves (inadvertently) misled

Effectiveness

ESQ 6: Impact of single origin batch

- There is no evidence for any significant segregated supply chains (as distinct from separate market channels) (see also ESQ 13)
- Batch requirements did not generally result in significant changes to sourcing, traceability or operational practices and minimal costs have been absorbed in the supply chain (see ESQ 9)
- There is some evidence that changes were more likely in processing plants sourcing from multiple Member States, and within the pig sector
- Commission Implementing Regulation (EU) 2018/775 will increase the general relevance of batch requirement, although operators may choose only to use “*EU/non-EU*” designations (see ESQ 11 and ESQ 13)

Conclusions

Theme II - Efficiency

Efficiency

ESQ 7: Efficiency, costs and administrative burden

- The Regulation was carefully designed to have a minimal impact on the sector while also providing consumers with meaningful information
- The evidence suggests that this was achieved
- The Regulation is judged to be efficient in that cost increases and administrative burdens on operators have been successfully minimised
- However, even if small and focused on certain types of operators, cost increases fall largely on the meat processing sector which is unable to pass them along the supply chain

Efficiency

ESQ 8: Efficiency of traceability requirements

- Traceability systems are considered to be efficient, based as they are on Regulation (EC) 178/2002 and Regulation (EC) No 853/2004
- Costs are small at the aggregate level and affordable for operators processing animals and carcasses from multiple Member States where the greatest changes were necessary
- The pig meat sector is more likely to have experienced costs than the poultry and sheep/goat meat sectors
- Costs are incurred by processors (slaughterhouses and cutting plants) and are not transferred along the supply chain
- Control costs for Competent Authorities are small within the context of the official controls under Regulation (EU) 2017/625

Efficiency

ESQ 9: Efficiency of single origin batch requirements

- The batch requirements were a modest driver of changes to internal systems and traceability (see ESQ 6)
- Within this, batch requirements were a more important driver of changes to internal systems rather than traceability
- 26% of operators made changes leading to one-off costs as a result of batching requirements, 32% incurred ongoing costs; ongoing costs were small at around 2-3% of overall production costs for those operators which had to make changes as a result of batching requirements
- The batch requirements are efficient, having enabled the provision of meaningful information to consumers at a modest and manageable increase in costs for a minority of operators

Conclusions

Theme III - Coherence

Coherence

ESQ 10: Coherence with other rules and regulations

- Objectives of Regulation (EU) No 1337/2013 are consistent with those of other EU legislation and definitions and traceability requirements are generally in common or non-conflicting with other EU legislation
- There are some inconsistencies with respect to Regulation (EC) No 1760/2000 (beef), although these are not considered to be problematic:
 - > Lack of mandatory indication of country of birth
 - > Exclusion from scope of meat sold loose at retail
 - > Derogation for minced meat and trimmings to use “*EU/non-EU*” rather than Member State provenance
- Relevant legislation identified at Member State level is coherent with Regulation (EU) No 1337/2013
- No significant policy deadweight was identified

Coherence

ESQ 11: Coherence of Article 7 derogation

- Given lack of mandatory country of origin for processed products, Article 7 derogation is coherent with needs and is consistent with the approach taken in many other food sectors
- However, Article 7 is not fully aligned with Regulation (EC) No 1760/2000 which sets out rules for country of origin in the beef sector
- There is a possible lack of consistency between Article 7 and Article 5(3), where mixed meat in packs must indicate Member State, i.e. cannot use an “*EU/non-EU*” designation
- Although not inconsistent, Article 7 may preclude operators from using anything other than “*EU/non-EU*” designations under Commission Implementing Regulation (EU) 2018/775

Conclusions

Theme IV - Relevance

Relevance

ESQ 12: Correspondence to current needs and context

- Country of origin is an important concern for consumers (see ESQ 1)
- Although there is widespread acceptance that the context has evolved since the implementation of Regulation (EU) No 1337/2013 and country of origin is increasingly important (evidenced by national rules and voluntary schemes), stakeholders and Competent Authorities felt that the Regulation remains “*fully*” relevant or relevant to a “*great extent*”
- Although many stakeholders and Competent Authorities did not identify new needs, there is substantial interest in extending the scope of the Regulation to include:
 - > Country of birth
 - > Food service and catering sector
 - > Processed meat and meat sold loose at retail (to a lesser extent)
- However, these concerns can be addressed at the national level (if appropriately justified)

Relevance

ESQ 13: Relevance of traceability in supply chains out of scope of Regulation (EU) No 1337/2013

- There are no significant segregated supply chains in the EU; operators work flexibly across a range of markets in addition to those covered by the Regulation to meet the specific requirements of different markets
- Traceability requirements will have additional relevance where voluntary schemes go beyond the scope of the Regulation to cover other products/sectors
- Traceability requirements are relevant to Commission Implementing Regulation (EU) 2018/775; if “*EU/non-EU*” designation is widely used, the relevance of Member State-level information would diminish for meat being further processed

Conclusions

Theme V – EU Added value

EU added value

ESQ 14: EU added value

- Equal proportions of Member States would/would not have introduced national rules in the absence of Regulation (EU) No 1337/2013
- Widespread adoption of national rules would:
 - > Have had negative impacts on the smooth functioning of the Single Market
 - > Resulted in unequal information provision to consumers
 - > Not have completely fulfilled the objectives of Regulation (EU) No 1337/2013
- Regulation (EU) No 1337/2013 did not have a detectable impact on intra-EU trade and therefore there is no evidence that it hampered the smooth operation of the Single Market
- The Regulation addresses consumer demand for country of origin labelling, but inaccurate consumer attribution of quality and safety characteristics might present some barriers to the smooth operation of the Single Market

EU added value

ESQ 15: National rules

- National rules going beyond Regulation (EU) No 1337/2013 are rare, but, where they exist (mainly on a time-limited, pilot basis), cover:
 - > Meat sold loose
 - > Food service and catering sector
 - > Processed products
- Voluntary schemes covering country of origin labelling (implicitly or explicitly) are common – they are designed to:
 - > Meet consumer demand for information
 - > Support domestic production
- These may have had an impact on intra-EU trade if they are effective in their objective of supporting domestic production, but this is not detectable

Recommendations

Recommendations

Effectiveness

- To address the lack of consumer understanding, it is recommended that consideration be given to either running or supporting information campaigns to improve consumer understanding of origin labelling
- Experience gained from the implementation of Regulation (EU) 2018/775 should be used to assess the extent to which this addresses the perceived gap in the provision of country of origin information with respect to processed meat
- The derogations to the Regulation played a role in reducing unnecessary burdens on operators and should be retained
- It is recommended that the situation be monitored by the meat market observatories and the relevant Civil Dialogue Groups
- Exchanges in good practice in the verification of rearing period information should be considered between Member States

Recommendations

Coherence

- It is recommended that the need for mandatory country of birth indication be monitored

Relevance

- It is recommended that the use of national legislation and voluntary schemes to address increasing consumer interest in country of origin labelling with respect to meat sold loose and meat sold through the food service and catering sector be monitored to ensure these do not impact on the smooth functioning of the Single Market

EU added value

- The recommended information campaign (see effectiveness) could increase EU added value by improving and harmonising consumer understanding of the country of origin labelling rules

IHS Markit Customer Care

CustomerCare@ihsmarkit.com

Americas: +1 800 IHS CARE (+1 800 447 2273)

Europe, Middle East, and Africa: +44 (0) 1344 328 300

Asia and the Pacific Rim: +604 291 3600

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